

Message Text

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PAGE 01 BUCHAR 00876 100845Z
ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15
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P R 100818Z FEB 77
FM AMEMBASSY BUCHAREST
TO SECSTATE WASHDC PRIORITY 1507
INFO USMISSION GENEVA

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GENEVA FOR PHELAN

E.O. 11652: N/A
TAGS: ETRD, EEW, GATT, RO
SUBJ: TEXTILE NEGOTIATIONS WITH ROMANIA
REF: STATE 001706

1. SUMMARY. OUR ARTICLE 3 RESTRAINT WAS PATAN'S PRIMARY CONCERN DURING HIS MEETING WITH AMBASSADOR ON FEBRUARY 3. OUTCOME OF PROTRACTED EXCHANGE WAS PATAN'S AGREEMENT TO PROVIDE EMBASSY WITH INDICATION OF CATEGORIES OF PRINCIPAL ROMANIAN INTEREST TO FORM BASIS FOR CONCRETE BILATERAL NEGOTIATIONS IN GENEVA. END SUMMARY.

2. AT OUTSET OF AMBASSADOR'S FEBRUARY 3 CALL, DEPUTY PRIME MINISTER PATAN LAUNCHED INTO COMPLAINT AGAINST RECENT ARTICLE 3 RESTRAINT ACTION. IN TERMS QUITE FAMILIAR TO WASHINGTON, PATAN ARGUED THAT ROMANIAN EXPORTS OF MEN'S AND BOYS' WOOLEN AND SYNTHETIC SUITS COULD NOT POSSIBLY BE DAMAGING TO U.S. TEXTILE INDUSTRY. ACCORDING TO ROMANIAN FIGURES CITED BY PATAN, EXPORTS OF THESE ITEMS AMOUNTED TO ONLY \$30 MILLION IN

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PAGE 02 BUCHAR 00876 100845Z

1976 COMPARED WITH TOTAL U.S. TEXTILE AND APPAREL IMPORTS OF OVER \$4.5 BILLION. WHAT HAD DISTRESSED ROMANIAN GOVERNMENT MOST, PATAN CLAIMED, WAS FACT THAT RESTRAINTS WERE IMPOSED PRIOR TO CONSULTATIONS.

3. AMBASSADOR RESPONDED BY CLARIFYING PATAN'S CONFUSION CONCERNING NEGOTIATING SEQUENCE, OBSERVING THAT ROMANIAN REFUSAL TO IMPOSE

VOLUNTARY RESTRAINTS IN NOVEMBER COUPLED WITH FURTHER SUDDEN JUMP IN ROMANIAN EXPORT FIGURES HAD IMPELLED OUR ACTION. ON QUESTION OF INJURY CAUSED TO AMERICAN MANUFACTURERS AMBASSADOR POINTED OUT THAT WE HAD INDICATED ON NUMEROUS OCCASIONS THAT TEXTILE AREA WAS ONE OF MOST SENSITIVE AND THAT OUR ACTION WAS TAKEN WITH DUE CONSIDERATION OF EQUITY IN RELATION TO OTHER SUPPLIERS.

4. BOTH PATAN AND AMBASSADOR AGREED THAT ADVANCE CONSULTATIONS WERE DESIRABLE WHEN PROBLEMS OF THIS KIND AROSE. IN THIS CONTEXT AMBASSADOR SUGGESTED THAT ROMANIANS COME TO BILATERAL TALKS IN FEBRUARY WITH REALISTIC REQUEST. PATAN QUIPPED THAT ROMANIAN PREFERENCE WOULD BE UNRESTRICTED ACCESS TO U.S. MARKETS. FROM OFFERS THEY HAD RECEIVED ROMANIANS FELT THERE WAS STRONG INTEREST ON PART OF AMERICAN IMPORTERS IN BROAD RANGE OF ROMANIAN PRODUCTS.

5. REFERRING TO CONVERSATION WITH MFT DIR. DUMITRESCY DAY EARLIER, E/C COUNSELOR EXPRESSED CONCERN THAT EVIDENT MISUNDERSTANDING APPEARED TO BE POTENTIAL OBSTACLE IN SUCCESSFUL NEGOTIATIONS. EMBASSY UNDERSTOOD DUMITRESCU WAS TAKING POSITION THAT HE SAW NO NEED TO GO PERSONALLY TO GENEVA UNLESS HE RECEIVED SPECIFIC U.S. PROPOSALS IN ADVANCE. ON OTHER HAND, IT SEEMED TO US INCUMBENT UPON ROMANIANS TO IDENTIFY AREAS OF THEIR EXPORT INTEREST. ON THAT BASIS, OUR NEGOTIATORS MIGHT BE ABLE TO PROVIDE INDICATION OF GREATER OR LESSER SENSITIVITY OF SPECIFIC ITEMS. SEEING POSSIBLE MERIT IN THIS APPROACH, PATAN DIRECTED THAT MFT PROVIDE EMBASSY WITH INDICATION OF PRODUCT CATEGORIES IN WHICH ROMANIA INTERESTED AND THAT ROMANIAN NEGOTIATOR BE GIVEN FLEXIBLE MANDATE TO WORK OUT SATISFACTORY SOLUTION.

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PAGE 03 BUCHAR 00876 100845Z

6. IN CONVERSATION FOLLOWING DAY WE RELATED PATAN'S COMMITMENT TO CHIOVEANU, REFERRING TO U.S. SUGGESTION THAT KNIT TOPS AND SWEATERS BE INCLUDED IN MORE COMPREHENSIVE AGREEMENT. UNTIL NOW WE HAVE NOT RPT NOT RECEIVED FROM MFT LIST OF ROMANIAN INTERESTS.

7. COMMENT FULFILLMENT OR NON-FULFILLMENT OF PATAN'S AGREEMENT COULD PROVE INTERESTING TEST OF ROMANIAN INTENTIONS. FROM OUR EXPERIENCE WE ARE NOT AT ALL SURE THAT WE WILL RECEIVE LIST OF PRIORITIES. ASIDE FROM NORMAL BUREAUCRATIC SLUGGISHNESS ROMANIANS HAVE WELL-DEVELOPED HANG-UP OVER REVEALING ANYTHING IN ADVANCE ABOUT THEIR NEGOTIATING POSITION. BESIDE, ROMANIAN STRATEGY MIGHT BE TO PUSH EXPORT OF SEVERAL DIFFERENT CATEGORIES UP TO POINT WHERE RESTRAINTS ARE IMPOSED. IN THIS WAY, ROMANIANS MAY FEEL THAT THEY STAND TO GAIN MORE OVER PERIOD OF SEVERAL YEARS THAN THEY WOULD FROM A COMPREHENSIVE AGREEMENT.

BARNES

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